



Milk Pricing

NEWSLETTER

Dairy Marketing Branch, CDFA

December 2002

NATIONAL COMMODITY PRICE OF BUTTER INCREASES

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (*See national commodities prices chart on page 2*).

Compared to last month, the national commodity price for butter increased, while the nonfat dry milk price decreased slightly. Consequently, the whole milk price increased two and eight tenths cents per gallon and reduced fat milk increased one and three tenths cents per gallon. Lowfat and skim milks were basically unchanged.

The holiday season is in full swing and many retailers have offered pre-holiday sales promotions of butter, cheese, and ice cream. These sales promotions and the higher seasonal demand for dairy products may help decrease the high levels of storage inventories. The national commodity prices for butter and cheese have increased slightly and remained steady which may help the weak economy's effect on the sluggish consumer demand for dairy products.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

Minimum Prices for the Four Types of Fluid Milk by Container Size for January 2003

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.088	\$0.544	\$0.272	\$0.136	\$0.091	\$0.068
Reduced Fat (2%)	\$1.022	\$0.511	\$0.256	\$0.128	\$0.085	\$0.064
Lowfat (1%)	\$1.987	\$0.493	\$0.247	\$0.123	\$0.082	\$0.062
Nonfat (Skim)	\$0.760	\$0.380	\$0.190	\$0.095	\$0.063	\$0.048

Southern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.112	\$0.556	\$0.278	\$0.139	\$0.093	\$0.069
Reduced Fat (2%)	\$1.046	\$0.523	\$0.261	\$0.131	\$0.087	\$0.065
Lowfat (1%)	\$1.011	\$0.505	\$0.253	\$0.126	\$0.084	\$0.063
Nonfat (Skim)	\$0.784	\$0.392	\$0.196	\$0.098	\$0.065	\$0.049

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.028	\$0.014	\$0.007	\$0.003	\$0.002	\$0.002
Reduced Fat (2%)	\$0.013	\$0.007	\$0.003	\$0.002	\$0.001	\$0.001
Lowfat (1%)	\$0.003	\$0.002	\$0.001	\$0.000	\$0.000	\$0.000
Nonfat (Skim)	\$0.005↓	\$0.002↓	\$0.001↓	\$0.001↓	\$0.000	\$0.000

California Department of Food and Agriculture (CDFA)

William (Bill) Lyons Jr., Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
Phone (916) 654-1456; Website: www.cdfa.ca.gov/dairy; email address: dairy@cdfa.ca.gov

Minimum Prices for the Milk Component of Various Manufactured Dairy Products

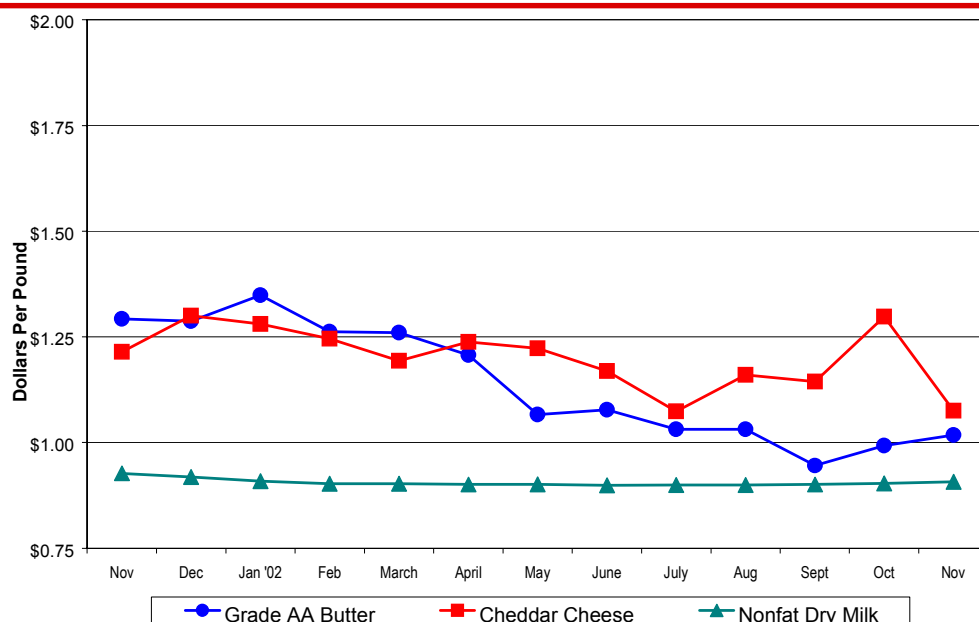
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super- Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)	Butter (\$/lb)	Cheese (\$/lb)
April	\$0.20	\$1.25	\$0.48	\$1.04	\$1.06
May	\$0.20	\$1.25	\$0.48	\$0.92	\$1.02
June	\$0.20	\$1.16	\$0.45	\$0.90	\$0.96
July	\$0.20	\$1.16	\$0.45	\$0.88	\$0.89
Aug	\$0.20	\$1.09	\$0.43	\$0.85	\$0.97
Sept	\$0.20	\$1.09	\$0.43	\$0.81	\$0.99
Oct.	\$0.20	\$1.05	\$0.41	\$0.88	\$1.04
Nov	\$0.20	\$1.05	\$0.41	\$0.89	\$0.90
Dec	\$0.20	\$1.09	\$0.43	—	—

National Commodity Prices for November 2001 - November 2002

Grade AA Butter,
Block Cheddar Cheese,
and Nonfat Dry Milk



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